



City of Little Rock  
Purchasing Division  
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**BID # 15157 - COBRA/Retiree Billing**  
**ADDENDUM # 1**  
**QUESTIONS & ANSWERS**

**Date: 09/09/2015**

**Clarifications requested as of August 28, 2015**

1. Why are these services being bid?

State Law regarding Purchasing by Municipalities requires periodic bidding for all goods and services; this item has reached the maximum term between formal bids.

2. Current Provider:

Conexis

3. Number of New Hires Y-T-D:

City - 162; other participating agencies - approx. 15 (Total 22/mo.)

4. Number of Terminations Y-T-D:

City – 166; other participating agencies – approx. 15 (Total 23/mo.)

5. Number of Retirees Currently Covered:

225

6. Number of 'benefit eligible' employees of the City:

Approx. 2,000

7. Number of COBRA notices per year due to other status changes:

Approx. 50

8. Current fee schedule:

The incumbent provider is eligible to compete and certain materials are excluded from disclosure requirements under the AR FOIA based on competitive advantage. The HR Department does not intend to release the current schedule at this point.

9. More clearly define City Processes regarding COBRA and Retirees:

- a. New Hires-HR staff provides details electronically to the selected provider for distribution of required notices. It is anticipated that initial notices (new hire and eligibility) will be mailed within one (1) business day of the notification from City HR staff;
- b. Terminations-HR staff provides information to employees and to the selected provider to ensure compliance with notice requirements and to establish an 'account' for each eligible employee who may elect to extend coverage.
- c. Retirees (meeting 'Rule of 70'-age plus service) pay full premium for the initial six (6) months of coverage. Beginning with the seventh (7<sup>th</sup>) month, the premium is partially subsidized by the City so the invoiced amount changes. Eligible Retirees may extend coverage until reaching Medicare eligibility. Current State law allows Eligible Retirees to defer the election of coverage and then make a "one-time" election to enroll based on a family status change or at a regular (annual) open enrollment (upon enrollment of this type, HR staff will provide contact and billing information to the selected provider for addition to the listing of retirees to be covered/invoiced.
- d. Retirees are provided information and requested to make a selection to extend coverage as part of the termination clearance process. Persons not eligible for retiree coverage are afforded the option for extension under COBRA with the mandated election periods.
- e. Retirees and COBRA extensions are invoiced (or arrange electronic payments) by the selected provider. At the end of each collection period (monthly) funds are forwarded to the City along with listing(s) of those paying and the amounts paid. Those amounts and coverage data are combined with materials described below and payments made by the City to benefits plan providers.
- f. Certain retirees have options of having required payments deducted from pension payments. One of those plans requires HR staff to provide changes in

deduction amounts approx. two (2) months in advance. A second plan (in-house) requires approx. one (1) month advance notice. Those plans remit funds and lists of amounts deducted to the City.

- g. All participants (unless otherwise advised) will receive a monthly invoice/statement from the selected provider noting the current cost due and providing remittance information (electronic, hardcopy, etc.). After the expiration of required or agreed time limits, cancellation notice will be sent to the participant and the City.
- h. HR Staff compiles data and funds from the COBRA/Retiree billing agent, the two retirement plans and the City Finance Department. Funds and listings of covered participants are forwarded to the appropriate benefit providers to ensure on-going coverage for those electing and paying for that coverage.
- i. Historically, the City has allowed terminating employees who elect to maintain coverage to remain active with the benefit providers pending payment of required premium amounts. That practice is no longer in effect. Given these stricter guidelines, the importance of rapid turnaround for notices and invoicing of eligible individuals is crucial. Coverage will be suspended pending actual receipt of payments through one of the mechanisms noted above.